



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY, PACIFIC
CIVILIAN PERSONNEL OPERATIONS CENTER, PACIFIC REGION
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APPE-CP-OC

8 January 1998

CIVILIAN PERSONNEL
Pay Setting Policy

1. References.

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| a. 5 CFR Part 210: | Basic Concepts and Definitions |
| b. 5 CFR Part 530: | Pay Rates and Systems (General) |
| c. 5 CFR Part 531: | Pay Under the General Schedule |
| d. 5 CFR Part 532: | Prevailing Rate System |
| e. 5 CFR Part 534: | Pay Under Other Systems |
| f. 5 CFR Part 536: | Grade and Pay Retention |
| g. 5 CFR Part 550: | Pay Administration (General) |
| h. 5 CFR Part 551: | Pay Administration Under the Fair Labor Standards Act |
| i. 5 CFR Part 591: | Allowances and Differentials |
| j. AR 690-532-1: | Prevailing Rate Systems |
| k. AR 690-990-2: | Civ Pers, Hours of Duty, Pay and Leave, Annotated |
| l. OM 532-1: | Operations Manual for Federal Wage System |

2. Purpose. To establish a regional policy which provides guidance for pay setting actions where administrative discretion is permitted, and to assure consistent application of laws and regulations.

3. Applicability. This policy pertains to the setting of pay for civilian employees serviced by the Pacific Region Civilian Personnel Operations Center, Fort Richardson, Alaska. This policy does not cover use of advance in-hire rates, recruiting, retention and relocation bonuses, or other special pay options.

4. Highest Previous Rate: The highest previous rate means the highest actual rate of basic pay previously paid to an individual while employed in a branch of the Federal Government (executive, legislative, or judicial), a mixed-ownership corporation, the U. S. Postal Service, U. S. Postal Rate Commission, or the Government of the District of Columbia (if the D. C. employment began before 1 Oct 1987), irrespective of whether or not the position was subject to the General Schedule (GS) pay system. The highest previous rate must have been earned on a regular tour of duty under an appointment not limited to 90 days or less for a continuous period of not less than 90 days under one or more appointments without a break in service. Determinations as to what pay rates may be considered as highest previous rates will be made in accordance with the provisions of Army Regulation (AR) 690-990-2, subchapter 531.S2 and AR 690-532-1. Locality pay rates are not considered in determining the highest previous rate. Setting pay based on special salary rates is in accordance with 5 CFR 531.203.

a. Setting pay to a **General Schedule (GS)** position. The maximum payable rate of basic pay that may be paid an employee is determined in the same manner regardless of the Federal pay system under which the rate was earned. The determination will be made as follows: (1) compare the employee's highest previous rate (expressed as an annual rate) with the rates of basic pay in effect at the time the highest previous rate was earned for the grade in which pay is currently being fixed; (2) identify the lowest step in the grade in which salary is currently being set, for which the rate of basic pay was equal to or greater than the employee's highest previous rate; and (3) identify current rate of basic pay for the step so identified. This rate is the maximum rate of basic pay that may be paid to the employee.

b. Setting pay to a Federal Wage System (FWS) position:

(1) If the highest previous rate was earned in a GS position, or another pay system other than the FWS, the highest previous rate is the current rate for the same grade and step of that schedule. Per OM 532-1, S8 cost-of-living allowance (COLA) is considered in setting pay when an employee moves from the GS pay schedule to a FWS position.

(2) If the highest previous rate was earned in an FWS position, it is the current rate of the grade level and step of the former position on the same type of wage schedule in the wage area in which the employee's pay is being set or the actual earned rate, whichever is higher.

5. Policy.

a. Appointments.

(1) New Appointments. All new (first) appointments, permanent or temporary, will be made at the first step of the appropriate pay scale for the grade to which appointed, unless an advance in-hire rate has been authorized.

(2) Conversion to a New Appointment. When an employee is converted to a new appointment in the same position or to another position of the same or lower grade without a break in service, the employee will continue to be paid the basic rate of pay received immediately prior to the appointment change. If the former pay rate falls between two steps of the new grade, the higher rate will be assigned. This provision is not applicable when an employee is reinstated from a temporary appointment to a career or career-conditional appointment. Provisions in 5.a.(3) apply.

(3) Reinstatement. When a former Federal employee is reinstated to a permanent position, pay will be fixed based on the highest previous rate unless an authorized management official decides that the pay will be set at a lower step. When the management official sets pay at a lower step than the highest previous rate, the management official will provide written rationale to support the decision. The management official shall consider the recency and relevancy of experience, market conditions, alignment with other employees' pay, and/or other similar factors.

(4) Appointment of former Federal employees to Temporary or Term Positions.

Appointment of former Federal employees (this does not include employees with a break in service of less than four days) to temporary or term positions will be made at step one of the appropriate grade. However, this limitation may be waived by an authorized management official in the following types of cases: (a) former employee was involuntarily separated; (b) the temporary appointment is used to expedite the employee's entrance on duty to a permanent position, pending medical or other pre-employment requirements; (c) the position is hard-to-fill (i.e., there is an inability to attract qualified applicants in the labor market for the particular position); (d) there is a short break in service (e.g., 30 days); or (e) in other similar situations. Exceptions will be based on clear documentation that salary adjustments will resolve recruiting or unusually difficult management problems.

b. Promotions.

(1) Permanent Promotions.

(a) GS to GS. When an employee is promoted or transferred from one GS grade to a higher GS grade, the employee is entitled to basic pay at a lower rate of the higher grade which exceeds the employee's existing rate of basic pay by not less than two step increases in the grade from which the employee is promoted or transferred. If, in the case of an employee so promoted or transferred who is receiving basic pay at a rate in excess of the maximum rate of the employee's grade which is not the result of pay retention provisions (for example, a special salary rate under 5 USC 5303), there is no rate in the higher grade which is at least two step increases above the employee's existing rate of pay, the employee is entitled to (1) the maximum rate of the higher grade, or (2) Set pay in accordance with the highest previous rate rule (see paragraph 4), or (3) the employee's existing rate of pay (not including COLA), whichever is higher. If an employee is receiving pay retention, the employee is entitled to (1) basic pay at a rate two steps above the rate the employee would be receiving if pay retention did not apply (i.e., step 10 of the grade to which presently assigned); or (2) the employee's existing rate of pay if that rate is higher. Locality pay is not considered in setting pay.

(b) GS to WG. When an employee is promoted from a GS to an FWS position (see paragraph 5.c.(7) for information on how to determine the nature of action and the application of COLA in such cases), the employee is entitled to be paid at the lowest scheduled rate of the grade which exceeds the employee's existing rate of pay (including COLA) by 4 percent of the representative rate of the GS grade from which promoted. If upon promotion, there is no rate which meets this requirement, the employee will be paid (1) the maximum scheduled rate of the grade to which promoted or (2) the existing rate of pay (not including COLA) in accordance with 5 CFR 536.

(c) WG to GS. Upon promotion from an FWS position to a GS position, an employee is entitled only to application of highest previous rate provisions. If the existing rate of

pay cannot be accommodated in the rate range of the grade to which promoted, the employee will retain his/her existing rate of pay.

(d) WG to WG. When an employee is promoted to an FWS position from an FWS position, the employee is entitled to be paid the lowest scheduled rate of the grade to which promoted which exceeds the employee's existing scheduled rate of pay by at least 4 percent of the representative rate of the grade from which promoted, but not to exceed the maximum scheduled rate of the grade to which promoted.

(2) Temporary Promotions.

(a) Upon temporary promotion, the employee's pay will be set under the provisions of 5.b.(1). Highest previous rate is not authorized for temporary promotions.

(b) When an employee is terminated from a temporary promotion, pay will be fixed at the rate in the position at the time of promotion or to a higher rate that would have been received had the employee remained in the lower grade and not been temporarily promoted. If the temporary promotion exceeds one year of continuous service, pay will be adjusted based on the rate of pay earned under the temporary promotion.

c. Position Change Actions (including Transfers, Change-to-Lower Grade, and Reassignment). When an employee moves to a different position by any means not covered in paragraphs 5.a. and b. above, the employee's rate of pay will be determined as follows:

(1) The employee's existing rate of pay will be preserved to the maximum extent possible in all position change actions under reduction-in-force or transfer of function procedures, or in reemployment rights cases, both within the Department of Army and between Department of Army and other Department of Defense components. Salaries of employees affected by reduction-in-force action at other Federal agencies who, while in receipt of grade or pay retention, transfer to a serviced activity, are entitled to have the grade or pay retention continue unless the employee meets the conditions for termination as specified in 5 CFR 536.

(2) An employee's existing rate of pay will be preserved to the maximum extent possible upon placement under the overseas rotation or interchange programs not involving exercise of reemployment rights. If the existing rate of pay exceeds the maximum scheduled rate of the grade to which assigned, pay is set in accordance with 5 CFR 536.

(3) Employees meeting eligibility for pay retention will be paid under such provisions unless their pay entitlement may be met by application of the highest previous rate provisions.

(4) The existing rate of pay will be preserved within the rate range of the grade in which pay is being set in voluntary position changes and position changes in response to merit promotion announcements which involve lateral moves or changes to lower grade (This does not

apply to change to lower grade due to performance or conduct related reasons.). In some cases, pay retention may be authorized by the appointing officer consistent with local policy.

(5) Pay retention will apply to employees selected for positions under formal training agreements under the Career Program Intern or Upward Mobility who must take a change to lower grade to participate and whose salary may not be accommodated within the rate range of the grade to which assigned. Pay is limited to 150 percent of step 10 of the grade to which assigned, or the existing rate of pay, whichever is least. Upon repromotion, the employee will receive the greater of (a) the basic pay at a rate two steps above the rate which the employee would be receiving if pay retention did not apply (i.e., two steps above step 10 of the grade to which presently assigned) or (b) the employee's existing rate of pay. If the greater of the two is the existing rate of pay and this rate has been increased by the annual pay adjustments received since pay retention became applicable and the subsequent existing rate falls between two steps of the grade in which pay is currently being fixed, pay will be set at the higher step.

(6) Upon movement from one wage area to another with a lower wage schedule, the rate of pay earned in the higher wage area will be used as the highest previous rate and the guidance in 5.c.(5) regarding preservation of pay will apply. The employee's salary will be limited to the 5th step of the grade to which assigned unless the action is involuntary or other requirements for pay retention are met. Upon promotion from one wage area to a different wage area, the employee's pay entitlement will be determined as if there were two pay actions--a promotion and a reassignment, and will be processed in the order which affords the employee the maximum benefit.

(7) When an employee moves from a GS position to an FWS position in the same area, the COLA the employee is receiving in the GS position is added to the GS rate of pay for the purpose of establishing rate of pay in the FWS position. The COLA is not added to the representative rate when determining the nature of action. Such actions are changes to lower grade if the representative rate of the FWS position is lower than the representative rate of the GS position; reassignments if the rates are identical; and promotions if the FWS representative rate is higher. If an employee is so reassigned or promoted to an area without or with a lower rate of COLA, the employee's rate of pay is reduced by the amount of the difference in the COLA between the old and new duty stations. For example, if the COLA rate in Fairbanks is 25 percent and the COLA rate in Honolulu is 22.5 percent, upon reassignment from a GS position in Fairbanks to an FWS position in Honolulu, it is COLA at the rate of 22.5 percent which is added to the employee's scheduled GS rate for the purpose of establishing the rate in the FWS job.

(8) When a GM employee is placed into another position, pay will be set in accordance with 5 CFR 531.204.

d. Effective Dates. The effective date of any action involving a pay change (including reassignments from one funding source to another) will normally be at the beginning of the first pay period following the employee's meeting all eligibility requirements for the action and after which all necessary approvals have been obtained. If an employee will not meet eligibility

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requirements until midnight on the first day of the pay period (for example, time-in-grade requirements) the action may be effective on the first workday of the pay period.

e. Retroactivity. The specific rate of pay will be decided in each individual case at the time the action is effected. If the employee appears to be entitled to the highest previous rate benefit, but it is not possible to obtain verification of the former rate before the action is effected, the action will be processed at the minimum grade to which assigned, subject to retroactive adjustment. In such cases, the SF-50 (Notification of Personnel Action) effecting the action will include a statement to that effect which will serve as the basis for retroactive adjustment of the pay rate by issuance of a corrected SF-50.

6. Special Provision. The Director, Civilian Personnel Advisory Center is authorized, whenever there are practical difficulties or unnecessary hardships created by complying with the strict letter of this pay policy, to make appropriate use of optional pay-fixing features authorized by Title 5, Code of Federal Regulations, and corresponding DoD and DA regulations. Each case will be judged separately by the Director with consideration of established pay policies and the particular mitigating circumstances. Where a variation is considered warranted, the circumstances will be documented for the record so that like variations shall be granted whenever like conditions exist.

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